

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/22):**

BUTTER: Grade AA closed at \$1.1175. The weekly average for Grade AA is \$1.0842 (+.0800).

CHEESE: Barrels closed at \$1.0950 and blocks at \$1.1200. The weekly average for barrels is \$1.0865 (+.0180) and blocks, \$1.1030 (+.0305).

NONFAT DRY MILK: Extra Grade closed at \$0.9150 and Grade A at \$0.9300. The weekly average for Extra Grade is \$0.9150 (N.C.) and Grade A, \$0.9300 (N.C.).

BUTTER: Trading at the CME was very active again this week with 108 loads traded. The market tone is firm. Following last Friday's "tilt" adjustment, the USDA, CCC support purchase price for butter is up 19.52 cents to \$1.0500. This helped boost the price at the CME. Churning activity was light to moderate as cream demand is good. If historical patterns hold, most butter makers feel that they will be offered increasing volumes of cream during the coming weekend and Thanksgiving week. Demand for packaged butter is slower as Thanksgiving orders have been delivered. Butter stocks, though lighter, are still more than ample to cover current needs. USDA announced the second allocation under the 2002/03 DEIP and makes available 7,912 MT of butterfat.

CHEESE: The cheese market seems fully steady to firm. Interest in cheese for holiday orders has improved though still seems less robust than usual. Natural interest is moderate to good and process typically slow to fair. The price support tilt for butter/powder announced on November 15 did not affect the bulk cheese prices; blocks stay at \$1.1314 and barrels \$1.1014. Some early industry concerns are that milk handlers may shift increased quantities of milk into cheese production from butter/powder. A quarterly DEIP cheese export invitation was released on November 18 for 1,137 MT (2.5 million pounds) of cheese with bids accepted for 546 MT on November 21.

FLUID MILK: Milk production in most sections of the country is little changed from past weeks. Changes in milk production, both higher and lower have been slight. Fluid milk supplies range from tight to ample for the generally good bottled milk demand. This is typical for the pre-Thanksgiving week. Surplus milk supplies are steady to lighter, even tight in parts of the country. In all likelihood, surplus milk volumes will increase significantly next week when most schools will be in recess for all or part of the week. The fluid cream market was firm early in the week, while not so firm after Wednesday. Cream demand is good for holiday items like egg nog, sour cream, bottle cream, and dips.

DRY PRODUCTS: The big news this week has been USDA's long awaited announcement of a tilt change to the butter/powder support purchase prices. For NDM made on or after November 15, the price is now \$.8000 per pound. There has been a lot of conversation surrounding this change and how soon the current market will be affected. Currently, prices are basically steady and demand is a little slower as users start to work off existing inventories. In the same announcement that changed the "tilt," USDA announced the second

allocation under the 2002/03 DEIP and makes available 25,576 MT of NDM. The dry whey market is weak east of the Rockies, steady farther west. Offerings are starting to increase at some plants and buyers are showing more resistance to current prices. The WPC market remains firm and prices are steady to fractionally higher. Supplies of 34% WPC are often short of buyer interest.

CCC: During the week of November 18 - 22, CCC purchased 3,348,216 pounds of low heat NDM. They received cancellations of previously offered NDM totaling 2,111,138 pounds. During the week of November 11 - 15, CCC sold back 1,024,937 pounds of NDM from Central and/or Eastern warehouses.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for December 2002 is \$10.52. This price is derived from the advanced Class IV skim milk pricing factor of \$6.99 and the advanced butterfat pricing factor of \$1.0782 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for December is \$7.69 and the Class II nonfat solids price is \$0.8544 per pound. The following are the two-week product price averages: butter \$0.9991, nonfat dry milk \$0.9172, cheese \$1.0985, and dry whey \$0.2234.

OCTOBER MILK PRODUCTION (NASS): Milk production in the 20 major states during October totaled 12.0 billion pounds, up 2.3% from October 2001. September revised production, at 11.7 billion pounds, was up 2.5% from September 2001. Production per cow averaged 1,544 pounds for October, 22 pounds (1.4%) above October 2001. The number of cows on farms was 7.79 million head, 67,000 head (0.9%) more than October 2001, and 8,000 head more than September 2002.

COLD STORAGE (NASS): During October, U.S. cold storage holdings of butter totaled 164.6 million pounds, 21.3% less than a month ago but 63.3% more than October 2001. (The 44.5 million pound drop from last month's butter holdings is said to be the largest single-month reduction ever recorded.) Natural American cheese holdings total 505.5 million pounds, 2.2% less than a month ago but 9.1% more than a year ago. Nonfat dry milk holdings at the end of September total 1.3 billion pounds, 18 million pounds less than last month and 391 million pounds more than last year.

OCTOBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During October, about 10.1 billion pounds of milk were received from producers. This volume of milk is 2.9% above October 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.3%.) About 4.1 billion pounds of producer milk were used in Class I products, 0.5% above the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilizations were; Class I = 40%, Class II = 10%, Class III = 42%, and Class IV = 8%. The weighted average statistical uniform price was \$11.71, \$0.33 higher than last month, and \$3.74 lower than last year.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY NOVEMBER 18	TUESDAY NOVEMBER 19	WEDNESDAY NOVEMBER 20	THURSDAY NOVEMBER 21	FRIDAY NOVEMBER 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0750 (N.C.)	\$1.0825 (+.0075)	\$1.0900 (+.0075)	\$1.0900 (N.C.)	\$1.0950 (+.0050)	(+.0200)	\$1.0865 (+.0180)
40# BLOCKS	\$1.0800 (N.C.)	\$1.0825 (+.0025)	\$1.1125 (+.0300)	\$1.1200 (+.0075)	\$1.1200 (N.C.)	(+.0400)	\$1.1030 (+.0305)
BUTTER							
GRADE AA	\$1.0550 (+.0500)	----	\$1.0800 (+.0250)	----	\$1.1175 (+.0375)	(+.1125)	\$1.0842 (+.0800)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9150 and Grade A price is \$.9300. NDM information remains available at the above internet address.) THE CME WILL BE CLOSED ON NOV. 28 AND 29 FOR THANKSGIVING OBSERVANCE.

CHICAGO MERCANTILE EXCHANGE

MONDAY, NOVEMBER 18, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0900
 BUTTER — SALES: 21 CARS GRADE AA: 2 @ \$1.0400, 1 @ \$1.0450, 1 @ \$1.0500, 2 @ \$1.0525, 1 @ \$1.0500, 14 @ \$1.0550; BIDS UNFILLED: 40 CARS GRADE AA: 7 @ \$1.0525, 5 @ \$1.0500, 3 @ \$1.0475, 6 @ \$1.0450, 2 @ \$1.0425, 4 @ \$1.0400, 2 @ \$1.0375, 2 @ \$1.0350, 2 @ \$1.0325, 2 @ \$1.0300, 2 @ \$1.0200, 3 @ \$1.0100; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.1000

TUESDAY, NOVEMBER 19, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0825; 1 CAR 40# BLOCKS @ \$1.0825; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0850; 1 CAR 40# BLOCKS @ \$1.0925

WEDNESDAY, NOVEMBER 20, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.0950, 1 @ \$1.1050; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0900; 3 CARS 40# BLOCKS: 1 @ \$1.1125, 1 @ \$1.0975, 1 @ \$1.0850; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1200

BUTTER — SALES: 47 CARS GRADE AA: 1 @ \$1.0625, 1 @ \$1.0650, 2 @ \$1.0675, 5 @ \$1.0650, 3 @ \$1.0625, 3 @ \$1.0650, 1 @ \$1.0675, 5 @ \$1.0650, 7 @ \$1.0675, 3 @ \$1.0700, 2 @ \$1.0725, 1 @ \$1.0700, 3 @ \$1.0725, 1 @ \$1.0700, 2 @ \$1.0725, 2 @ \$1.0750, 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0725, 1 @ \$1.0775, 1 @ \$1.0800; BIDS UNFILLED: 62 CARS GRADE AA: 5 @ \$1.0775, 2 @ \$1.0750, 8 @ \$1.0725, 10 @ \$1.0700, 9 @ \$1.0675, 11 @ \$1.0650, 2 @ \$1.0625, 6 @ \$1.0600, 4 @ \$1.0575, 5 @ \$1.0550; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.0950, 2 @ \$1.1100

THURSDAY, NOVEMBER 21, 2002

CHEESE — SALES: 4 CARS 40# BLOCKS: 1 @ \$1.1200, 2 @ \$1.1125, 1 @ \$1.1200; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1150; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1000; 1 CAR 40# BLOCKS @ \$1.1250

FRIDAY, NOVEMBER 22, 2002

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1175, 2 @ \$1.1200; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0950; 1 CAR 40# BLOCKS @ \$1.1200; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1000; 1 CAR 40# BLOCKS @ \$1.1300

BUTTER — SALES: 40 CARS GRADE AA: 2 @ \$1.0850, 1 @ \$1.1000, 1 @ \$1.1050, 1 @ \$1.1150, 3 @ \$1.1050, 3 @ \$1.1150, 1 @ \$1.1075, 3 @ \$1.1100, 6 @ \$1.1125, 4 @ \$1.1150, 4 @ \$1.1175, 1 @ \$1.1150, 1 @ \$1.1175, 2 @ \$1.1125, 1 @ \$1.1175, 2 @ \$1.1125, 2 @ \$1.1100, 1 @ \$1.1150, 1 @ \$1.1175; BIDS UNFILLED: 38 CARS GRADE AA: 5 @ \$1.1050, 5 @ \$1.1025, 2 @ \$1.0975, 4 @ \$1.0925, 4 @ \$1.0875, 7 @ \$1.0850, 5 @ \$1.0825, 5 @ \$1.0800, 1 @ \$1.0750; OFFERS UNCOVERED: 15 CARS GRADE AA: 5 @ \$1.1175, 3 @ \$1.1200, 1 @ \$1.1300, 1 @ \$1.1400, 5 @ \$1.1500

BUTTER MARKETS

OCTOBER COLD STORAGE

According to NASS, October month-ending cold storage figures for butter total 164.6 million pounds, 63% higher than the amount held last October, but 21% less than September 2002 holdings.

NORTHEAST

The market tone is firmer based on last Friday's (11/15) announcement that the CCC purchase price of butter increased 19.52 cents to \$1.05. In active trading, the CME cash price for butter reacted on Monday (11/18) by jumping 5 cents. Contacts are still assessing this development, but some expect the butter market to hold through mid-December with sales to CCC to begin during the later half of the month. Churning activity is light to moderate in the East. Thanksgiving needs are in stores and distributors are active trying to meet fill-in needs and get ahead of next week's short work-week. Demand for bulk butter is steady and any spot demand is easily filled. Food service orders are fairly brisk as restaurants prepare for Thanksgiving and the beginning of the "shopping season." Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The cash butter price jumped following the USDA announcement that the support purchase price increased to \$1.0500. Trading remains very active with sixty-eight sales during the November 18 & 20 sessions. The market tone is firmer as buyers

and sellers adjust to the higher prices. Fresh butter is reported as tight, but frozen stocks are more than adequate to cover needs. Most Thanksgiving needs have been shipped and are in stores. Churning activity is mostly unchanged and heavier on the weekends. Food service orders are improving as restaurants prepare for Thanksgiving. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Most butter producers seem to be satisfied with butter sales activity for the upcoming holiday periods. Good retail features are expected to move good volumes of butter. Churning activity remains quite strong for this late in the year. There seems to be quite a bit of cream available that eventually finds its way into the churns. Contacts are discussing the support price change announced on November 15 that increased the butter support price to \$1.05. Short term impacts are expected to be minimal, but many are suggesting that butter could begin to clear to CCC warehouses in December. They also wonder how aggressive the use of the DEIP will be in relation to butter. Some people are expecting this program to move good volumes of butter into export channels in the near future. Weekly CME butter stocks declined by 6.3 million pounds this past week and now stand at 85.5 million pounds. Current stocks are more than triple last year at this time. Current prices for bulk butter range from 4 cents under to flat market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
NOV 16	1.0797 8,046,333	1.0573 10,158,554	0.9154 16,798,180	0.9990 3,604,372	0.2219 10,807,112	1.3046 2,136,780	1.3038 2,862,570

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mixed and the market tone unsettled. Prices at the CME are still well below the support purchase prices of cheese, but relatively little is being offered to CCC. (Historically, very little Eastern cheese is offered to CCC.) Production levels this week are lighter as plants have less milk to process and others are down for repairs/renovations. Demand for cheese ranges from slow to fairly good. Best interest is on gift pack items and process. Mozzarella orders continue to lag expectations. There is some concern in the cheese industry about the economy and its impact on dining out. Recent reports show a down turn in sales at fast food and family dining restaurants. The upcoming Christmas shopping season is fast approaching and being watched carefully by distributors and cheese makers to see if demand remains lackluster. There will, in all likelihood, be quite a bit of milk offered to cheese makers during the next six to eight weeks, but with low cheese prices and sluggish demand, some will not want to make too much cheese.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1350-1.6300
Cheddar Single Daisies	:	1.0925-1.5525
Cheddar 40# Block	:	1.2125-1.4425
Process 5# Loaf	:	1.2800-1.4800
Process 5# Sliced	:	1.3000-1.5475
Muenster	:	1.2975-1.5025
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady. Interest is fairly good for specialty products, the types made to order rather than just basic cheddar. Current cheddar interest was also improved for some producers. Packaging schedules remain moderately active. Next week, bulk cheese requirements are expected to be lighter with packaging operations closed at least one day for the holiday observance. Also, many truckers are reluctant to make long distant deliveries next week, inventories are expected to build temporarily. Process interest remains slow to fair with line staff either switched to natural lines or additional product is being packaged for clearance to CCC. Mozzarella interest seems lighter. Orders and shipments have picked up for holiday gift packs. Current milk intakes are about steady around annual low levels. Fat and protein levels in incoming milk supplies are good seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2475-1.5200
Brick And/Or Muenster 5#	:	1.5900-1.6325
Cheddar 40# Block	:	1.4450-2.1150
Monterey Jack 10#	:	1.6975-2.1150
Blue 5#	:	1.8250-2.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3775-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	NOVEMBER 11 - 15, 2002
BARRELS*	:	\$1.0550 - 1.0650 (NOMINAL)
	:	(\$.0050) (.0100)
40# BLOCKS	:	\$1.0550 - 1.1150 (NOMINAL)
	:	(-\$.0150) (-.0100)
() Change from previous week. * If steel, barrel returned.		

WEST

Process cheese prices moved higher while natural and Swiss prices held steady. No consensus is developing as to whether Western cheese will end up going to the price support program if prices stay this low at the CME for an extended period of time. Most seem to believe that cheese will not be offered, but no one has a strong sense about when cheese prices will again strengthen. Demand related to the year end holidays is being called fair at best, often slower than hoped for. There doesn't seem to be any urgency or aggressiveness in making cheese purchases this fall. Stocks are available when needed so not much planning ahead is necessary. Buyers continue to ask for discounts to the market on commodity type cheese and are often successful in this endeavor. Aged cheddar sales remain disappointing. Mozzarella demand has improved, but not up to expectations. Swiss sales activity seems to be at anticipated levels. Milk supplies are available for plants to run at desired operating levels. Most contacts are not sure if the support price tilt will have any impact on them in the short run.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2200-1.4800
Cheddar 40# Block	:	1.1975-1.3375
Cheddar 10# Cuts	:	1.3775-1.5975
Monterey Jack 10#	:	1.3875-1.5475
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are steady to fractionally lower on domestic types. The market tone is showing more signs of improvement as we get closer to the holidays. Thanksgiving needs are generally in stores and distributors are quite busy trying to "get ahead" on next week's shortened work-week. Stocks range from about adequate to fully adequate to cover needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.3900 : 1.4300-2.9200*
Gorgonzola	:	3.2400-5.9400 : 1.9475-2.4900*
Parmesan (Italy)	:	TFEWR : 2.8400-2.9300*
Romano (Italy)	:	2.1000-3.1900 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.4375-1.6650*
Romano (Cows Milk)	:	-0- : 2.6275-4.7975*
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	2.6900-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7500-3.6900 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-2.9900 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
11/18/02	50,370	: 127,990
11/01/02	55,244	: 132,386
CHANGE	-4,874	: -4,396
% CHANGE	-9	: -3

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	132	0	130	0	4	0
SOUTHEAST STATES	0	0	0	0	14	0

During October, milk production in the 20 major states totaled 11.75 billion pounds, up 2.3% from October 2001. The following are the October-to-October changes for selected states: Texas +6.6%, New York +2.5%, Virginia +1.3%, Pennsylvania -1.1%, Vermont -1.8%, Florida -2.4%, and Kentucky -4.6%. Heavy rainfall, ice, and snow covered much of the East this past weekend. Ice storms in parts of New England caused widespread power outages and many areas were still without electricity at mid-week. This is having some impact on transportation schedules and retail sales. Milk production is steady in the Northeast to slightly higher in the Southeast where heavy rains have retarded gains seen in past weeks. Contacts in the Northeast report that fat tests on incoming milk are starting to increase, but increases in protein levels are slower to recover. This is probably due to feed quality currently available in this part of the country. The need for milk in Florida and the rest of the Southeast is steady to improved. Bottlers in all parts of the region are going "full tilt" to cover Thanksgiving week orders. If history has any bearing, bottlers will all but shut down early next week until the post-Thanksgiving weekend. Because of the increasing bottling schedules, fluid milk supplies are reported as tight in the Northeast. Some suppliers are buying milk from other regions to supplement local supplies. Manufacturing plant contacts report relatively light schedules, but expect to "crank it up" early next week when more milk is available. The condensed skim market is little changed and offerings are adequate to meet most needs. The fluid cream market is firm and prices are about steady. Following USDA's announcement of the increase for the support purchase price of butter, cream buyers are ordering heavier before new prices go into effect. Early-week CME trading did see the butter price jump five cents. Buyers, particularly those that purchase on the previous week's average, are trying to beat that increase. Demand is good and prices are basically unchanged. Usage in egg nog, sour cream, dip, and bottled cream are all up seasonally. Cream cheese production is steady. Ice cream output has been fairly heavy, but some producers will be down for the entire Thanksgiving week. Churning activity is moderate to heavier where more excess cream was offered.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3255-1.4260
DELIVERED EQUIVALENT ATLANTA	-	1.3456-1.4561 M 1.3657-1.4059
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3055-1.3958

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9850-1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8700- .9400

M I D W E S T

Class I demand is excellent with numerous retail features underway in various markets. Bottlers are expected to remain active through the first couple of weekdays of the holiday week until slower school demand impacts needs. Milk supplies are tight. Bottlers needed to acquire additional loads to help fill orders. Production is also strong for other holiday items such as eggnog, whipping and sour cream as well as dips. Manufacturing milk interest was generally steady with a few plants trying to find a few extra loads this week to help with orders. On a light test, spot manufacturing milk prices ranged from \$1.25 - 2.25 over class. Milk is expected to move back into manufacturing channels from bottlers over the long holiday weekend and handlers are again trying to place milk into manufacturing plant homes early to avoid the big discounts. Cream demand is moderate, often lighter from ice cream, but good from those producing last minute holiday items. Condensed skim prices are steady and good interest is noted from cheese operations. Current milk intakes are little changed from recent weeks and remain around annual low levels. Wet fields continue to

stymie farmers trying to finish fall harvest and tillage operations. Recent light snows have blanketed some areas, though most disappears within a day or so. Estimated October milk production in selected Midwestern states compared with October 2001 is: Wisconsin 1.82 billion pounds, up 27 million pounds (1.5%); Minnesota 667 million pounds, off 31 million pounds (-4.4%); Michigan 495 million pounds, up 12 million pounds (2.5%), and Iowa 308 million pounds, up 3 million pounds (1.0%).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 40.00	\$ 34.00- 37.00
REPLACEMENT HEIFER CALVES	\$230.00-420.00	\$370.00-450.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	NOV 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.50- 43.50	\$ 36.50- 41.50

W E S T

Milk production in the 20-surveyed states for October totals 12.03 billion pounds, up 2.3% from last year. Cow number bounced back from their slight decline in September, but production per cow increases have declined for three consecutive months. Production per cow increases in the five surveyed Western states are below the U.S. average in all cases but one. Cow numbers in the West did not change much from last month. Milk production across CALIFORNIA is ranging from flat to edging slightly higher at levels above a year ago. There is a good call from bottlers for bottling milk in the state as features are being offered by retailers and good movement of milk has been noted. The Thanksgiving holiday provides an opportunity to move additional fluid milk through retail, but orders are often offset by the loss of school orders. Seasonal fog continues to revisit the Central Valley. This does little to impact milk production, but does cause milk route and plant hauling delays. Milk output is slightly higher than in recent weeks. Weather conditions have been almost ideal for the milk herd in the state. In the south, some contacts worry that heat stress may appear as temperatures in the 90's are maintained. Conditions have been dry and any effects from recent rains are not an issue. ARIZONA milk cows are also enjoying very nice weather although the milk stream is still flat. Decisions at the farm level affected by the low milk prices continue to impact the volume of milk. Processors are handling milk efficiently and some producers would actually like more milk. Fluid milk orders are strong in the state from bottlers. NEW MEXICO milk production is holding mostly steady and continues to be affected by wet and cold conditions of one to two weeks ago. Milk is being handled with normal contracts. The call from bottlers is good for holiday orders, but is expected to be offset by the decline in school milk. Balancing plants are often slow to inactive, while other plants are running planned schedules. The Western CREAM market is steady to firmer. Following the USDA announcement that raised the support price of butter to \$1.05, the CME butter price rose to and then above that level and closed at \$1.08 on November 20. The cream multiples were slower to move, although the total price was moving higher. Demand for cream remains good for seasonal items and for replacement butter. Western multiples were slightly higher at 113 to 132, FOB. Milk output in the PACIFIC NORTHWEST ranges from steady to declining seasonally. Moisture has been less prevalent in the region which is putting less stress on the milking herds. Output per cow is not as strong as noted a few months ago. Feed quality, low milk prices, and higher feed costs are all contributing to lower milk production per cow. The size of the herd remains relatively stable at this point in time. Slaughter cow prices are low which is a disincentive to increased culling rates. Also, heifer prices are trading in a somewhat more stable range of \$1450-1550, which is relatively high compared to current milk prices. Plants are getting the milk they need and want to run efficiently. Seasonally warm temperatures and more moisture have meant ideal production conditions in UTAH and IDAHO. Hay growers and grain farmers are happy with the fall moisture that has gotten their crops in good shape for the winter. Hay supplies are actually heavier than anticipated for this time of the fall. Prices range from steady to somewhat lower. The various programs that have put more money in milk producers' hands in the past few weeks seem to have slowed the exodus of herds, at least for the time being. Manufacturing plants are able to find milk to balance operating schedules to optimum levels. Contacts have commented that cheese warehouse stocks have declined noticeably over the past few weeks.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a firm market. CCC purchases from the Central region are not reported for the current week. Low heat production is steady to higher with more output expected over the weekend as fluid milk for school lunch is diverted in preparation for the Thanksgiving holiday recess. Demand is best into bakery and confectionary facilities. Although the recent USDA announcement reduced the NDM support price from 90 to 80 cents, traders are not anticipating any adjustments in the NDM market until 2003. However, if heavier NDM supplies during the holidays encourage CCC purchases, NDM prices may begin to adjust lower. Stocks of NDM in the Central region are generally tight with buyers seeking additional supplies from the West coast. High heat movement is mostly contractual on light production schedules.

EAST: The market tone is little changed and prices remain mostly nominal. However, USDA's November 15 announcement of the long awaited tilt is having an impact on the market. Buyers are taking just enough to get by until the lower prices "kick in." Some contacts feel that because of the current pricing method employed by a national marketing agency, NDM prices will not immediately reflect the new support price. If history tells us anything, producers will try to maintain current pricing levels and buyers will push to get them down. Current production levels are light, but most plant contacts expect more surplus milk during the Thanksgiving week. Eastern producers report very light inventories. Up until USDA suspended sales back to the trade (11/15), Eastern traders and producers were buying CCC-owned NDM to supplement their stocks. Demand for NDM has been fairly good, but it is expected to slow as users clear existing stocks before reordering.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9400 - .9850 MOSTLY: .9550 - .9650
HIGHHEAT: .9725 - 1.0400

NONFAT DRY MILK - WEST

The Western NDM markets are highly unsettled this week following several USDA announcements last week pertaining to NDM markets. The NDM support price was lowered from 90 cents to 80 cents for product produced on or after November 15. Also, the NDM sellback has been terminated, effective November 15. Additionally, USDA announced the second allocation under the 2002/03 DEIP totaling 25,576 MT (56,384,850 pounds) of NDM. The trade is analyzing the announcements and attempting to figure out current and nearby transaction options. Current prices are unchanged for low/medium heat NDM. Production levels are lower this week as the call for milk at bottling facilities is higher ahead of the Thanksgiving holiday. Prices are lower on the top end of the range for high heat NDM. Most seasonal orders have been filled and demand for high heat has slowed. Production levels are lower with most sales made to order. During the week of November 11 - 15, CCC purchased 4,806,862 pounds of low heat and 15,432,310 pounds of medium heat NDM, all from the West. From November 4 - 8, NDM sellbacks to the trade totaled 478,319 pounds from Central/Eastern warehouses.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8950 - .9550 MOSTLY: .9000 - .9200
HIGHHEAT: .9300 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 15	\$.9093	11,502,430	4,572,281
November 8	\$.9103	11,423,733	2,479,155

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady market. Buyer interest is light as prices are anticipated to move lower in response to greater production over the holidays and perhaps in response to the tilt change. Dry buttermilk, 6-8 months old, is available and difficult to clear. Fresh buttermilk supplies are generally tight with buyers seeking supplies from the West coast. Movement of condensed buttermilk into ice cream continues to decrease, encouraging dry buttermilk production.

F.O.B. CENTRAL: .8150 - .8600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are little changed. Eastern prices remain nominal. Production levels continue to be light as good percentages of the available buttermilk are clearing as a liquid. However, churning activity is increasing late in the week as more milk and cream are available in the market. Demand for dry buttermilk is fair at best. Producers and traders report a relatively lackluster spot market for buttermilk powder. Plant inventories are quite well balanced.

F.O.B. NORTHEAST: .7800 - .8350
DELVD SOUTHEAST: .8100 - .8550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are steady to higher within the range on mostly light spot trading. The market tone is mostly steady with some firmness noted. Seasonal accounts are beginning to take lesser amounts of product as expected and buyers are doing more comparison shopping than in recent weeks. Production levels are mixed and continue to depend on the local churning schedules and the demand for condensed buttermilk. Butter production has been active to fill holiday orders and replacements. Stocks vary among producers and range from sold out to available.

F.O.B. WEST: .7400 - .7900 MOSTLY: .7500 - .7700

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged and prices remain nominal. Production levels are about steady. Output continues to be geared to filling contracts. Spot demand is limited and most shipments are to fill contracts.

F.O.B. PRODUCING PLANT: 1.1025 - 1.1800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH NOVEMBER 15, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	— 17,050 MT (37,588,430 LBS)
CHEESE	— 757 MT (1,668,882 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk — 68,201 MT; Cheese — 3,030 MT; Butterfat — 21,097 MT. However, the second stage of this year's program was announced on November 15 and makes available, as part of the total allocation, an additional 25,576 MT of NDM, 7,912 MT of butterfat, and 1,137 MT of cheese.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. Unconfirmed trades are reported below the range on multiple load shipments. Supplies are stated as in balance to long. Production is generally higher than anticipated for this time of year with some output increases expected over the upcoming Thanksgiving holiday. WPC/lactose producers are reporting increased offers of condensed whey. Buyer resistance on dry whey is increasing and encouraging some producers to either offer at a discount or forgo standard premiums by offering at the average. Demand is best into the feed market. The undertone remains mixed as buyers and sellers discuss contract negotiations for 2003.

F.O.B. CENTRAL: .1900 - .2375 MOSTLY: .2100 - .2375

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady to fractionally lower and Eastern prices remain nominal. The market tone is showing a little more weakness despite a relatively tight supply at most Eastern producing plants. The spot loads that are being offered are met with indifferent interest. Spot buyers anticipate lower prices and are waiting to reorder. Traders report limited market activity this week. Production levels are light to moderate as cheese output is steady to lighter. Milk supplies in the Northeast have been tight, but are expected to loosen considerably during the Thanksgiving week.

F.O.B. NORTHEAST:	EXTRA GRADE	.2400 - .2475
	USPH GRADE A	.2500 - .2525
DELVDSOUTHEAST:		.2625 - .2725

DRY WHEY - WEST

Prices are somewhat mixed for Western whey. Mostly prices were fractionally higher while the range was fractionally lower. Stocks continue to be closely balanced in the West. Very little extra powder is available and there is no discounting occurring. Current production levels are holding quite steady. Export problems vary from shipper to shipper and week to week. In general, things are not yet back to normal. News reports indicate continued progress on contract negotiations.

NONHYGROSCOPIC: .1800 - .2525 MOSTLY: .2050 - .2250

ANIMAL FEED WHEY - CENTRAL

Prices are mostly unchanged. Milk replacer supplies are available and sometimes difficult to clear at the higher prices. Roller ground supplies are tight for the good interest yet prices are lower in response to decreases in the Extra Grade market. Delactose prices are slightly higher due in part to increased interest from the process cheese industry. Delactose demand for feed is improving as a low cost substitute to WPC. Production is steady to higher. Early weaned pig markets are firm while veal markets are trending weak.

NOTE: The delactose report will be discontinued in 2003 unless the industry requests continuation of the price series. This initiation is due to lackluster spot trading during the 2002 year and in an effort to affirm an interest in the current delactose report. Please send your comments to Dairy Market News by December 13, 2002.

F.O.B. CENTRAL:	
MILK REPLACER:	.1900 - .2000
ROLLER GROUND:	.2275 - .2550
DELACTOSE (Min. 20% protein):	.3200 - .3400

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Trading activity is light. Production is steady to higher as some plants opt to produce more 34% than high protein WPC. Increased supplies of condensed whey are also encouraging production at some facilities. Supplies remain short of buyer interest. Offers are noted above the range from domestic and foreign sources. Buyers are resistant to price increases and are bidding lower. Resale stocks on the West coast are available at a slight discount to the average FOB. Some shipment delays on contract orders are noted. Off grade 80% and 34% remain available for the fair interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4850 - .5250 MOSTLY: .5000 - .5125

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a mostly steady market. Some contracts for the first quarter of 2003 are finalized at steady to higher prices. Trade sentiment is mixed on price movement in the new year. Oceania and Asia are expressing strong interest in lactose for current use and in 2003. Some multi-national firms are also seeking to secure supplies unlike last year when contract negotiations were slow to develop. However, some plants have stocks of lactose to clear and new plant production is expected in the new year. Traders suggest that once normal shipment schedules resume, demand will wane. While less of a backlog is noted in West coast port shipment, movement remains hampered and the availability of containers is limited. Interest remains best on the higher mesh sizes. Off grade product is available for the light interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2275 MOSTLY: .1550 - .1750

CASEIN - NATIONAL

The acid market is firm and the rennet market is mostly steady. Currently, the interest in acid casein is good and rennet demand is improving. Supplies seem readily available from Oceania. European, at least Irish, supplies are expected to tighten, especially during the seasonal shutdown in production expected shortly. Traders are interested in the latest results in the CCC sellback of NDM for casein/caseinate conversion scheduled for release on November 26.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8500 - 2.0500
ACID:	1.6500 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Producer shipments for Thanksgiving are finished. Retail promotions are in full swing as is normal for the holiday period. Production levels are light to moderate depending on milk supply and price. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 740 for delivery January - March 2003. The award is for 4,443,120 pounds at prices ranging \$0.4180-\$0.6000 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	11/06	11/07	11/08	11/11	11/12	11/13	11/14	11/15	11/18	11/19
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
NOV 02	9.73 (2719) 3	9.73 (2733) 14	9.73 (2735) 21	9.75 (2734) 18	9.70 (2492) 2	9.69 (2476) 7	9.67 (2196) 303	9.80 (2183) 21	9.85 (2183) 4	9.82 (2183) 17
DEC 02	9.70 (2199) 15	9.70 (2221) 32	9.70 (2212) 11	9.80 (2218) 38	9.78 (2251) 38	9.75 (2238) 13	9.75 (2235) 1	9.80 (2285) 107	9.92 (2324) 55	9.90 (2324) 11
JAN 03	10.20 (1471) 62	10.25 (1559) 110	10.32 (1569) 36	10.40 (1646) 97	10.37 (1677) 58	10.29 (1704) 127	10.30 (1730) 57	10.40 (1742) 107	10.30 (1748) 20	10.30 (1748) 6
FEB 03	10.42 (1130) 21	10.45 (1145) 24	10.48 (1152) 12	10.60 (1235) 139	10.58 (1250) 36	10.50 (1253) 26	10.53 (1278) 38	10.65 (1310) 185	10.65 (1312) 16	10.60 (1316) 4
MAR 03	10.75 (1233) 72	10.85 (1243) 33	10.90 (1256) 26	11.10 (1264) 31	10.93 (1285) 60	10.77 (1304) 49	10.73 (1317) 69	10.85 (1345) 53	10.92 (1349) 23	10.87 (1354) 17
APR 03	11.07 (874) 26	11.07 (876) 31	11.12 (888) 23	11.30 (895) 19	11.26 (912) 31	11.16 (907) 23	11.13 (926) 97	11.22 (938) 30	11.27 (942) 22	11.25 (942) 13
MAY 03	11.41 (795) 33	11.41 (812) 33	11.45 (825) 20	11.59 (828) 19	11.55 (848) 38	11.45 (847) 14	11.43 (877) 62	11.50 (908) 45	11.60 (903) 17	11.55 (914) 29
JUN 03	12.00 (718) 32	12.08 (763) 56	12.13 (777) 23	12.20 (782) 13	12.12 (781) 62	11.95 (808) 36	11.90 (833) 49	12.00 (849) 23	12.10 (840) 19	12.05 (857) 30
JUL 03	12.60 (609) 38	12.65 (640) 55	12.70 (659) 30	12.75 (665) 15	12.62 (690) 76	12.45 (702) 22	12.41 (727) 56	12.51 (735) 34	12.62 (734) 11	12.55 (770) 51
AUG 03	12.80 (571) 36	12.85 (627) 86	12.90 (640) 26	12.90 (642) 4	12.82 (647) 85	12.72 (656) 42	12.72 (681) 48	12.82 (693) 32	12.90 (691) 22	12.85 (714) 40
SEP 03	12.95 (623) 69	13.00 (656) 54	13.05 (692) 55	13.06 (700) 15	13.00 (687) 110	12.90 (706) 38	12.95 (729) 58	13.06 (745) 52	13.20 (744) 14	13.12 (775) 49
OCT 03	12.57 (506) 31	12.60 (540) 48	12.60 (546) 11	12.60 (548) 14	12.55 (582) 93	12.48 (590) 22	12.50 (616) 47	12.65 (631) 54	12.80 (625) 15	12.75 (623) 21
NOV 03	12.35 (407) 12	12.40 (423) 33	12.45 (428) 9	12.45 (432) 4	12.40 (426) 51	12.35 (426) 24	12.37 (456) 46	12.50 (467) 34	12.62 (474) 27	12.50 (480) 7
DEC 03	11.78 (310) 4	11.83 (341) 32	11.88 (348) 10	11.95 (348) 4	11.89 (351) 18	11.78 (354) 9	11.75 (369) 29	11.81 (382) 18	11.81 (376) 25	11.81 (378) 4
JAN 04	11.50 (7) 1	11.50 (7) 0	11.55 (7) 0	11.55 (9) 2	11.50 (9) 0	11.50 (9) 0	11.50 (9) 0	11.55 (9) 0	11.55 (9) 0	11.55 (9) 0
FEB 04	11.55 (6) 1	11.55 (6) 0	11.60 (6) 0	11.60 (6) 0	11.45 (6) 0	11.45 (6) 0	11.40 (7) 1	11.45 (7) 0	11.45 (7) 0	11.45 (7) 0
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
NOV 02	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0
DEC 02	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0
JAN 03	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (52) 1	10.50 (52) 0	10.50 (52) 0
FEB 03	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 1	10.55 (38) 0	10.55 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (21) 1	10.60 (22) 1	10.30 (22) 0
APR 03	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0
MAY 03	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0
JUN 03	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0
JUL 03	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0
CME - BUTTER FUTURES -- Cents per pound										
DEC 02	100.00 (237) 0	100.00 (228) 6	100.75 (227) 0	100.75 (227) 0	100.75 (229) 3	100.00 (229) 4	100.00 (229) 0	100.00 (229) 5	105.00 (229) 0	105.55 (223) 21
MAR 03	114.00 (256) 3	114.50 (275) 21	114.00 (275) 0	114.00 (276) 1	114.00 (276) 1	113.00 (297) 21	113.12 (301) 4	113.50 (301) 2	114.05 (301) 0	115.00 (303) 2
MAY 03	117.25 (150) 7	117.50 (161) 11	116.50 (161) 0	116.50 (162) 1	117.00 (163) 1	115.50 (169) 7	116.50 (169) 0	116.50 (182) 13	117.77 (182) 0	118.00 (185) 3
JUL 03	121.00 (60) 4	120.50 (73) 13	119.50 (73) 2	119.50 (73) 0	119.50 (74) 1	118.00 (74) 2	119.00 (74) 0	119.00 (79) 11	122.00 (79) 0	122.00 (81) 4
SEP 03	124.00 (17) 3	123.50 (39) 22	123.00 (39) 0	123.00 (39) 2	123.00 (39) 1	122.75 (40) 3	122.00 (44) 4	122.00 (44) 0	124.02 (44) 0	124.02 (44) 0

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered November 11 - 22, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production in Europe is at or very near the annual low point. The current emphasis in milk use is for consumer goods for the upcoming holiday season rather than on commodity products, particularly powders for export, until yearend. Weakness in the U.S. dollar compared to other currencies, particularly the euro, is the cause for much of the change in reported prices. International interest is steady to improved as buyers feel that with current tightness in product, building some inventory at this time is beneficial rather than holding back on orders, waiting for potential price weakness. Skim and whole milk supplies are very limited for immediate shipment and this is slowing activity. Volumes of skim and whole milk powder are expected to become more available in the new year when production shifts away from holiday products. Some concern is again being expressed over the possibility of additional changes in export refunds. Good interest in butter is noted from Russia as they build inventory for projected holiday and winter needs. The announcement of the new US DEIP allocations and the butter/skim milk price support change in the U.S. were topics of interest and concern.

BUTTER/BUTTEROIL: The butter market is steady to firm. Recent sales of butter, both large and small quantities, to Russia have tightened supplies. Also, pre-yearend holiday demand is moving some extra consumer sized butter within the region. Butter production is lower seasonally as more milk is diverted to cheese and consumer product production for the yearend holiday season.

82% BUTTERFAT:	1,200 - 1,300
99% BUTTERFAT:	1,420 - 1,475

SKIM MILK POWDER (SMP): The skim milk market is steady to firm. Limited availability until the new year has slowed current trading activity. Some interest in product for immediate delivery is going unsatisfied. Drying is light seasonally as some milk volumes have been shifted over to cheese to produce consumer items for the yearend holidays. Powder availability is expected to improve early in the new year.

1.25% BUTTERFAT:	1,350 - 1,450
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WHOLE MILK POWDER (WMP): The whole milk market is steady to firm. Limited availability at the current time is limiting activity to orders for shipment in the new year. Current production is light seasonally with some milk shifted over to the production of consumer items for the yearend holidays.

26% BUTTERFAT:	1,450 - 1,575
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SWEET WHEY POWDER: The whey market is fully steady. Lower seasonal milk intakes are being offset somewhat by shifting some milk volumes over to cheese production from powders to produce holiday items. The weaker U.S. dollar compared to the Euro is also a factor in the higher reported prices.

NONHYGROSCOPIC:	400 - 500
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EASTERN EUROPE: Current milk production and manufacturing schedules are light seasonally. Milk intakes are around the annual lows. Current supplies are spotty, often limited, as the weather during the recent season was far from conducive for milk production in many areas.

OCEANIA

OVERVIEW: International reactions continue to the recent news from the U.S. concerning the dairy price support tilt adjustment (lower skim milk

price and higher butter price) as well as the new quarter DEIP allocations. New Zealand seems to have had an early spring peak in milk production. Current weather conditions have often been cool and less than ideal for pasture growth. Current forecasts for dry conditions (drought) in some areas for January – February are expected to be less conducive for milk production. Current milk production is up around 2% for the early part of the current season though expected to end the season closer to unchanged with the previous season. October was a record setting month for New Zealand dairy exports, shipping both current year and last year inventory. Current supplies are limited though inventory continues to be built for commitments later in the season. Some current inquiries may be passed on due to tight supplies. The weakness in the U.S. dollar compared to other currencies has caused prices to firm though otherwise prices are relatively unchanged compared to many other currencies. In Australia, continued drought conditions are forcing forecasts for the season to 2 - 3%, perhaps more, below season ago levels. Lower milk supplies have resulted in lower production schedules and traders are cautious about making sizeable new commitments.

BUTTER: The butter market is generally steady. Prices are often slightly higher, reflecting the weaker U.S. dollar. Ramadan shipments have been made. Current production is lighter as milk intakes decline seasonally. Some inventory is being produced for delivery later in the season. Current international interest is much lighter than on powders.

82% BUTTERFAT:	1,100 - 1,150
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CHEDDAR CHEESE: The cheese market is steady. Previous season inventories have been cleared. Current production is seasonal to slightly lighter than normal as emphasis is more on producing powders with current milk supplies at the expense of cheese.

39% MAXIMUM MOISTURE:	1,500 - 1,650
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SKIM MILK POWDER (SMP): The skim milk market is fully steady. Some international interest is being passed on due to concerns over product availability/milk production later in the season. Besides delivering on orders, some current production is being inventoried for shipment later in the season. The announcement of the US DEIP allocations for the second quarter (25,576 metric tons) is not expected to appreciably weaken current interest. International buyers are recognizing that prices are unlikely to decline due to the current tight supply/demand conditions and are more willing to make commitments and/or build working inventory slightly, at least for the near term.

1.25% BUTTERFAT:	1,450 - 1,550
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WHOLE MILK POWDER (WMP): The whole milk market is steady to firm. Current supplies are tight and some interest may be going unfilled. International customers are aware that current supplies are limited and prices are unlikely to decline in the short term. Some production is being held for delivery later in the season. Current production continues to emphasize powders rather than cheese.

26% BUTTERFAT:	1,450 - 1,550
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Exchange rates for selected foreign currencies: November 18, 2002

.6287 Canadian Dollar	.0208 Indian Rupee
.2829 Argentina Peso	.4967 New Zealand Dollar
.0985 Mexican Peso	.5621 Australian Dollar
.2567 Polish Zloty	.0083 Japanese Yen
1.0081 Euro	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0985) = 10.1523$. That is 1 US Dollar equals 10.1523 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

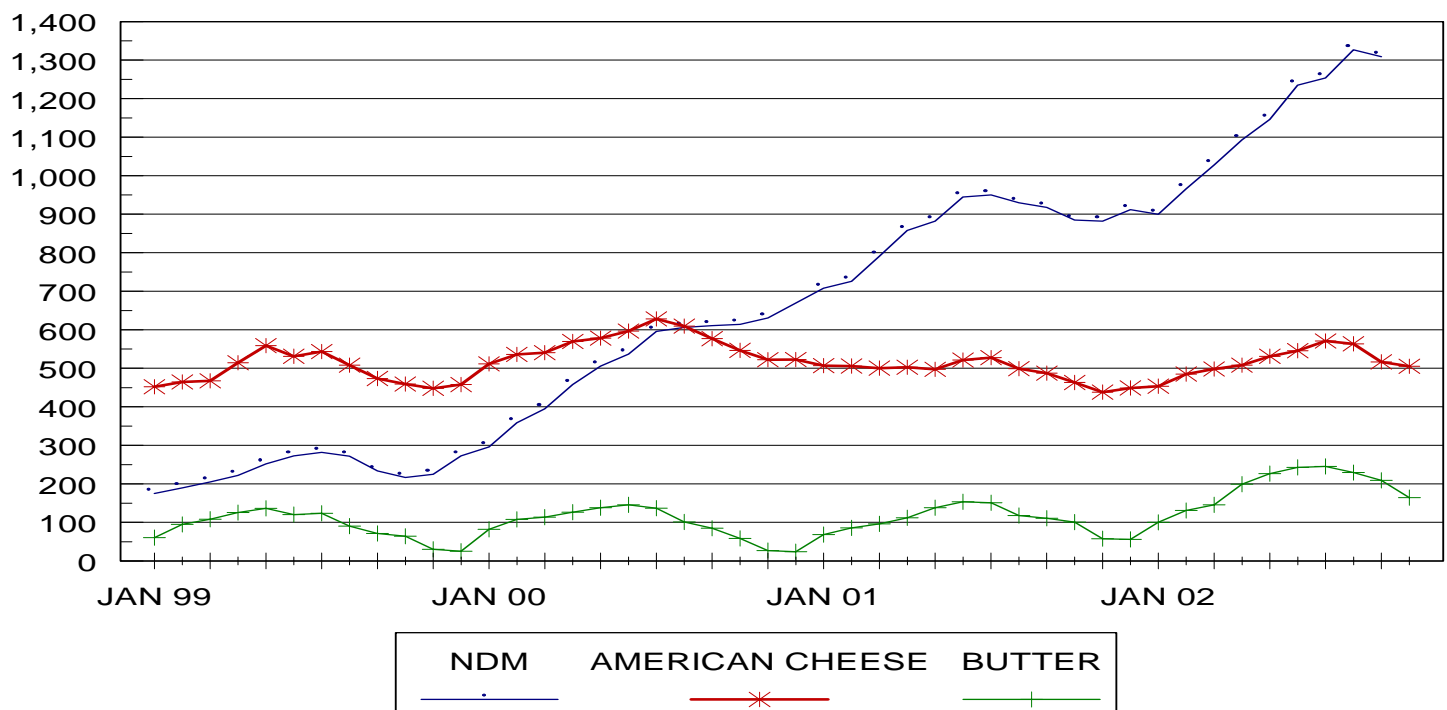
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	SEP 30, 2000	SEP 30, 2001	REVISED SEP 30, 2002	OCT 31, 2000	OCT 31, 2001	OCT 31, 2002
Butter	84,991	110,857	209,110	58,326	100,791	164,640
Cheese, Natural American	577,073	487,559	516,791	546,708	463,378	505,489
Cheese, Swiss	15,727	10,439	17,068	15,777	10,671	18,990
Cheese, Other Natural	188,146	210,732	226,539	169,492	198,185	204,199
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	375	331	1,873	330	344	1,879
Natural American Cheese	607	1,229	887	711	911	927

OCTOBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	19,251	21,072	18,868	---	---	---	388	394	330
Middle Atlantic	49,936	58,417	64,575	---	---	---	10,159	34,981	30,717
East North Central	262,932	194,784	205,296	---	---	---	68,942	93,738	101,304
West North Central	101,924	88,490	113,455	---	---	---	65,600	55,373	58,553
South Atlantic	8,365	4,565	182	---	---	---	611	374	905
East South Central	0	272	576	---	---	---	153	151	251
West South Central	375	2,573	1,949	---	---	---	735	238	330
Mountain	13,432	11,305	8,985	---	---	---	6,666	5,738	683
Pacific	90,493	81,900	91,603	---	---	---	16,238	7,198	11,126
TOTAL	546,708	463,378	505,489	58,326	100,791	164,640	169,492	198,185	204,199

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE 1999 TO DATE

MILLION POUNDS



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/</u> <u>2/</u>		Commercial		Government <u>2/</u>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Million Pounds						Million Pounds						Million Pounds					
January	100	68	100	68	<u>3/</u>	<u>3/</u>	454	507	453	505	1	2	900	708	120	145	780	563
February	131	86	129	86	1	<u>3/</u>	485	506	484	504	1	2	966	726	142	138	823	589
March	146	96	144	95	1	1	498	500	497	498	1	2	1,028	791	158	123	871	668
April	199	112	197	112	2	1	508	503	508	501	1	2	1,093	858	161	127	933	731
May	227	138	225	137	2	1	531	497	531	496	1	2	1,146	882	166	134	981	747
June	243	153	241	153	2	1	546	522	545	520	1	2	1,235	945	174	166	1,062	779
July	245	151	243	150	2	1	571	528	571	526	1	2	1,254	950	138	147	1,116	803
August	229	118	227	117	2	1	564	499	563	497	<u>3/</u>	2	1,327	930	109	109	1,218	821
September	209	111	207	111	2	<u>3/</u>	517	488	516	486	1	1	1,309	918	87	103	1,223	815
October	165	101	163	100	2	<u>3/</u>	505	463	505	462	1	1		885		100		785
November		58		58		<u>3/</u>		438		438		<u>3/</u>		882		113		769
December		56		55		<u>3/</u>		449		448		1		912		136		776

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Sep 30, 2000	Sep 30, 2001	Sep 30, 2002	Oct 31, 2000	Oct 31, 2001	Oct 31, 2002
	Thousand Pounds					
Butter	84,616	110,526	207,237	57,996	100,447	162,761
Natural American Cheese	576,466	486,330	515,904	545,997	462,467	504,562

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (11-02) and "Dairy Products," Da 2-6 (11-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

OCTOBER MILK PRODUCTION

Milk production in the 20 major States during October totaled 12.0 billion pounds, up 2.3 percent from October 2001. September revised production, at 11.7 billion pounds, was up 2.5 percent from September 2001. The September revision represented a decrease of 91 million pounds or 0.7 percent from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,544 pounds for October, 22 pounds above October 2001.

The number of cows on farms in the 20 major States was 7.79 million head, 67,000 head more than October 2001, and 8,000 head more than September 2002.

OCTOBER 2002 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2001	2002	2001	2002	2001	2002	% CHANGE FROM 2001
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	140	150	1,670	1,745	234	262	12.0
CA	1,609	1,664	1,745	1,755	2,808	2,920	4.0
FL	152	147	1,120	1,130	170	166	-2.4
ID	369	392	1,820	1,770	672	694	3.3
IL	114	115	1,390	1,430	158	164	3.8
IN	154	149	1,375	1,420	212	212	---
IA	206	208	1,480	1,480	305	308	1.0
KY	126	120	1,030	1,035	130	124	-4.6
MI	302	300	1,600	1,650	483	495	2.5
MN	500	480	1,395	1,390	698	667	-4.4
MO	141	136	1,085	1,120	153	152	-0.7
NM	273	305	1,750	1,750	478	534	11.7
NY	673	676	1,470	1,500	989	1,014	2.5
OH	257	264	1,380	1,380	355	364	2.5
PA	596	591	1,500	1,495	894	884	-1.1
TX	315	309	1,240	1,350	391	417	6.6
VT	153	153	1,450	1,425	222	218	-1.8
VA	118	119	1,290	1,295	152	154	1.3
WA	247	247	1,860	1,865	459	461	0.4
WI	1,281	1,268	1,400	1,435	1,793	1,820	1.5
20 STATE TOTAL	7,726	7,793	1,522	1,544	11,756	12,030	2.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (11-02), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, OCTOBER

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for October have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During October, about 10.1 billion pounds of milk were received from producers. This volume of milk is 2.9 percent above October 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.3 percent.) About 4.1 billion pounds of producer milk were used in Class I products, 0.5 percent above the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 40%, Class II = 10%, Class III = 42%, and Class IV = 8%. The weighted average statistical uniform price was \$11.71 per cwt., \$0.33 higher than last month, and \$3.74 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 2002										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,973.6	-0.7	957.2	0.8	48	20	27	5	12.40
Appalachian (Charlotte)	005	515.1	-2.4	390.7	0.9	76	13	6	5	12.91
Southeast (Atlanta)	007	604.1	-3.7	420.9	1.4	70	7	19	4	12.81
Florida (Tampa)	006	201.9	-7.6	185.2	-7.8	92	7	<u>3/</u>	1	14.03
Mideast (Cleveland)	033	1,469.7	3.2	590.2	-0.4	40	15	41	4	11.32
Upper Midwest (Chicago)	030 <u>4/</u>	1,573.7	-11.8	370.5	4.2	23	3	71	3	11.03
Central (Kansas City)	032 <u>4/</u>	1,623.1	12.6	434.2	0.4	27	6	61	6	11.18
Southwest (Dallas)	126	793.0	8.6	362.0	0.4	46	13	32	9	12.07
Arizona-Las Vegas (Phoenix)	131	240.3	0.9	85.9	3.3	36	4	39	21	11.38
Western (Salt Lake City)	135 <u>4/</u>	470.2	58.6	94.5	2.2	20	7	48	25	11.01
Pacific Northwest (Seattle)	124 <u>4/</u>	658.2	16.4	188.8	0.0	29	5	36	30	10.94
ALL MARKET AVERAGE OR TOTAL	<u>4/</u>	10,122.8	2.9	4,080.0	0.5	40	10	42	8	11.71

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Less than 0.5 percent.

4/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 310 million pounds of milk that normally would have been associated with these markets. In October 2001, the estimated not-pooled volume of milk was 360 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.3.

USDA ANNOUNCES DAIRY SECTOR ACTIONS

WASHINGTON, Nov. 15, 2002 -- The U.S. Department of Agriculture today announced several actions affecting both domestic and international dairy program operations. Specifically, USDA announced program actions affecting imports of American-type cheese, the Milk Price Support Program, use of surplus nonfat dry milk (NDM) for humanitarian foreign assistance, and the Dairy Export Incentive Program (DEIP), as well as the current status of the Milk Income Loss Contract (MILC) program payments.

"The dairy sector is one of the most important to our agricultural economy and it is one of the most complex in terms of program operations," said Agriculture Secretary Ann M. Veneman. "The programs are closely interconnected and, in taking these actions together, we have tried to make adjustments that will best serve dairy farmers and the entire dairy industry, not only in coming months but also over the longer term."

The program actions announced today are described below:

Controls Activated for Surging American-type Cheese Imports

USDA announced today that it is applying the volume-based World Trade Organization (WTO) safeguard duty to above-quota imports of American-type cheese. The duty rises 16 cents per pound to its maximum permissible level through December 31, 2002. Under the Uruguay Round Agreement on Agriculture, the United States is entitled to apply an additional duty on imports of American-type cheese when imports exceed a specified trigger. The trigger for cheese, based on a three-year moving average of past imports, allows for growth but prevents sudden unanticipated market penetration. The trigger quantity has grown over four-fold in three years, from just under 9 million pounds in 1999 to over 36 million pounds this year.

Imports as of September 30 were just over 48 million pounds, well above the trigger level of 36 million pounds. The additional 16 cents per pound increases the overall duty to \$0.64 per pound, or \$1.407 per kilogram. Product en route to the United States will be exempt from the additional duty.

Price Support Product Purchase Prices Adjusted

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) extended the Milk Price Support Program to December 31, 2007, at the support price of \$9.90 per hundredweight (3.67-percent milkfat). The Commodity Credit Corporation (CCC) supports the price of milk by purchasing cheese, butter and NDM at announced prices. To help CCC manage accumulated inventories and control costs from these purchases, the Department of Agriculture is permitted to adjust the balance between the purchase prices of butter and nonfat dry milk up to twice each calendar year.

CCC has continued to accumulate large supplies of NDM over the past two years, but has not purchased any butter. CCC purchase prices for butter and NDM currently are out of balance with each other and their respective market prices. This market misalignment has resulted in CCC accumulation of NDM stocks well above USDA's ability to use the product, large taxpayer expenditures, growing storage costs, and widening market distortions.

To bring better balance to the markets for butter and NDM, CCC will increase the price it pays for butter 19.52 cents to \$1.05 per pound, and decrease its purchase price of nonfat dry milk 10 cents to \$0.80 per pound. These changes are effective for product manufactured on or after November 15, 2002.

CCC purchases of NDM in fiscal year (FY) 2002 totaled 619 million pounds, up significantly from the 418 million pounds purchased in FY 2001. At the end of FY 2002, USDA held an accumulated 1.3 billion pounds of NDM in inventory. This amount is 166% of annual domestic commercial utilization. The average annual disposition of CCC inventory over the last three years has reached only 120 million pounds. This includes donations to international food aid programs, the National School Lunch Program, and other domestic food assistance programs, including donations to institutions such as hospitals and prisons. This also includes a limited amount of product that has gone out of condition and sold at significant discount for animal feed manufacturing. To help reduce this cumbersome NDM inventory and to reduce recurring storage costs, USDA recently has undertaken several initiatives.

Continued on page 14

These include:

- * USDA implemented a livestock feed program in August to assist livestock operators in the states most severely stricken by drought. The program utilized NDM as a protein source in supplemental feed made available to farmers. This program has used 75 million pounds of NDM to date and is expected to use over 100 million pounds by the time the program concludes at year-end. It utilizes the oldest stock in inventory.
- * CCC has also made available NDM for the production of casein, a high protein product used in cheese, other food products and some industrial applications. Just over 1 million pounds of NDM has been used to date for this purpose. It is anticipated that as much as 50 million pounds could be used over the next 12-month period.
- * USDA has also designated up to 441 million pounds of non-fortified, nonfat, low-heat dry milk available for humanitarian assistance through the program carried out under Section 416(b) of the Agriculture Act of 1949. (A Federal Register notice published October 31 provides more details.) Currently, USDA is accepting proposals from U.S. private voluntary organizations and the World Food Program for programs that will use the NDM in beneficial ways. These include: distribution of NDM or products made from NDM to people in need; monetization for proceeds to fund several humanitarian objectives (HIV/AIDS, health, and nutrition); and school feeding programs. The level of donations in each program will depend on a comprehensive market analysis to ensure that utilization will not affect commercial sales or production in recipient countries.

USDA also encourages the submission of other proposals that would use more of the existing NDM inventories.

The accompanying fact sheet provides a tabular summary of the new prices. Further terms and conditions for purchases of dairy products will be contained in subsequent announcements.

U.S. Dairy Products Moved to World Markets

USDA also is announcing today the second allocation under the 2002/03 DEIP. Today's announcement makes available an additional 25,576 metric tons of NDM, 7,912 metric tons of butterfat and 1,137 metric tons of various cheeses. The total WTO limits for this year's DEIP are 68,201 metric tons of NDM, 21,097 metric tons of butterfat and 3,030 metric tons of various cheeses. With today's announcement, USDA has now made available a total of 42,626 metric tons of NDM, 13,186 metric tons of butterfat and 1,894 metric tons of various cheeses under this program. Individual product and country allocations will be specified in Invitations for Offers, which will be available next week. Invitations will be posted on the Internet at <http://www.fas.usda.gov/excredits/deip.html>, or will be available by calling FAS at 202-720-3224 or 202-720-6211.

USDA is utilizing a partial allocation process this year to better manage the DEIP sales program, make more of the product available throughout the entire year, and maximize the use of the program. The announcement of this allocation will assist U.S. dairy producers to improve their competitive position and build sustainable international markets.

Producer Payments Underway

The 2002 Farm Bill added another safety net program for dairy farmers by creating a new national dairy payment program, the Milk Income Loss Contract (MILC) program, that compensates producers when milk prices fall below a Congressionally specified level. Signup for the new program began in mid-August. Since October 1, USDA has issued payments of \$612 million under this program and expects the total during FY 2003 to exceed \$2 billion.

MILC payments occur in months when the price of Class I milk in Boston under the Northeast Milk Marketing Order falls below \$16.94 per cwt. The payment rate is 45 percent of the difference between \$16.94 and the Boston Class I price for that month.

In addition, the Department continues to make payments to dairy producers affected by drought under the Livestock Compensation Program (LCP). Dairy producers in counties that have received primary disaster designations due to drought in 2001 and/or 2002 are eligible for the program and will receive a fixed payment of \$31.50 per head for dairy cows they owned as of June 1, 2002. To date, USDA has paid \$100 million to dairy producers under this program.

"This series of actions will help better balance markets for U.S. dairy producers, improve the sector's competitive position in world trade, and use U.S. dairy products to meet humanitarian food assistance need," Veneman said.

For more information, contact Dan Colacicco (202) 720-6733.

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PROGRAM FACT SHEET

PURCHASE PRICES FOR SURPLUS DAIRY PRODUCTS
(Dollars Per Pound)

PRODUCTS	Produced Before November 15, 2002 and Offered by November 29, 2002	Produced on or After November 15, 2002
BUTTER:		
U.S. Grade A or Higher 25-kg blocks, Salted	0.8548	1.0500
NONFAT DRY MILK: <u>1/</u>		
Nonfortified	0.9000	0.8000
Fortified (Vitamins A & D)	0.9100	0.8100
CHEESE: <u>2/</u>		
40-lb. Block Cheddar <u>3/</u>	1.1314	1.1314
500-lb. Barrel Cheese <u>4/</u>	1.1014	1.1014

1/ Spray Processed, U.S. Extra Grade, not more than 3.5% moisture, 25-kg bags. Nonfat dry milk in bags, which are classified as "Type X", will be accepted at a discount of 0.50 cent per pound.

2/ Standard moisture basis (37.8 to 39.0% moisture). The prices per pound for bulk cheese, which contains less than 37.8% moisture, can be calculated using the following formula: $(100\% - \% \text{ moisture} \times \text{base price})$ divided by 61%; the result rounded to the nearest fourth digit to the right of decimal. Fifth digit of 5 or more is rounded up, 4 or less is rounded down.

3/ U.S. Grade A or higher, not more than 38.5% moisture.

4/ U.S. Extra Grade, not more than 36.5% moisture.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF NOVEMBER 18 - 22, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 11/15/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	831,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	831,600	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	3,348,216	2,111,138	1,237,078	50,378,214	22,440,031	1,066,235,000	616,568,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	3,348,216	2,111,138	1,237,078	50,378,214	22,440,031	1,112,626,000	654,795,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF NOVEMBER 18 - 22, 2002 =	0.3	14.4	COMPARABLE PERIOD IN 2001 =	1.0	55.4
CUMULATIVE SINCE OCTOBER 1, 2002 =	18.8	594.6	CUMULATIVE SAME PERIOD LAST YEAR =	4.9	261.2
CUMULATIVE JANUARY 1 - NOVEMBER 22, 2002 =	213.4	7,374.3	COMPARABLE CALENDAR YEAR 2001 =	78.3	3,531.5

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF NOVEMBER 18 - 22, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	136,330	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	1,100,748	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
MIDWEST	-0-	-0-	831,600	-0-	398,658	-0-	41.4	0.0
WEST	-0-	-0-	-0-	-0-	49,979,556	22,440,031	58.6	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0
TOTAL	-0-	-0-	831,600	-0-	50,378,214	22,440,031	100.0	100.0

SELLBACK TO THE TRADE@	CENTRAL/EAST	WEST	TOTAL	CUMULATIVE SINCE 10/1/02
NOVEMBER 11 - 15, 2002	1,024,937	-0-	1,024,937	17,789,273
@EFFECTIVE NOVEMBER 15, 2002, CCC ANNOUNCED THAT NDM SELLBACK HAS BEEN DISCONTINUED UNDER ANNOUNCEMENT KC-DS-2				

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints N.A.

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# N.A.; Process Am. 2# N.A.

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant N.A.

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 11/02/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.9	7.5	5.2	21.5	2.5	0.7	0.8	14.7	2.2	56.2	44.7
2001-Dairy	0.2	0.7	5.9	4.9	20.5	2.2	0.5	0.9	13.1	2.4	51.2	40.9
2002-All cows	0.2	1.1	10.3	13.1	33.8	16.2	19.1	3.8	18.1	9.9	125.7	45.7
2001-All cows	0.2	0.9	8.1	14.8	31.4	18.4	18.9	6.0	17.6	8.9	125.3	

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48	10.46	10.15	10.60	
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91	11.12		
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72		
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22	10.50		

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm